

Message Text

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ORIGIN EA-10

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----- 116294

R 212107Z JAN 75

FM SECSTATE WASHDC

TO AMEMBASSY TAIPEI

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FOLLOWING REPEAT SEOUL 348 SENT ACTION SECSTATE INFO MANILA &
USDA FAS WASHDC DATED 17 JANUARY 1975:

QTE

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MANILA PASS TO ASST SEC YEUTTER

USDA FOR DUDLEY WILLIAMS

E.O. 11652: N/A

TAGS: EAGR, EFIN, KS

SUBJECT: OVERDUE COTTON CONTRACTS

REF: (A) SEOUL 7419 (B) STATE 8984

SUMMARY: IN JANUARY 15 MEETING BETWEEN ASST SEC OF AGRIC
CLAYTON YEUTTER AND DEQUITY PRIMIEIR, NAM DUCK WOO, LATTER
INDICATED ROKG WILL PREVAIL UPON KOREAN SPINNERS TO
CLEAR UP 176,000 BALES OF OVERDUE COTTON CONTRACTS IN
MONTH OF JANUARY. DPM INDICATED ADDITIONAL \$150 MILLION
CREDIT WOULD BE REQUIRED TO COVER CONTRACTS THRU DECEMBER.
END SUMMARY.

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1. IN JAN 15 MEETINGS WITH ASST SEC OF AGRIC YEUTTER,

DEPUTY PRIME MINISTER, NAM DUCK WOO GAVE ASSURANCE THAT ROKG WILL PREVAIL UPON KOREAN SPINNERS TO CLEAR UP ALL 176,000 BALES OF COTTON CONTRACTS DUE AS OF DEC 31, 1974. THE DPM INDICATED ENTIRE \$45.9 MILLION KFX UANCE AND APPROX \$30 MILLION OF 2ND \$50 MILLION CCC CREDIT WOULD BE UTILIZED BY END OF JAN FOR PURPOSE COVERING ABOVE 176,000 BALES. DPM INDICATED APPROX \$150 MILLION ADDITIONAL FINANCING WOULD BE REQUIRED TO COVER L/C'S FOR EXISTING CONTRACTS THRU DEC 1975 AND ASKED ASST SEC YEUTTER IF ADDITIONAL CCC CREDITS COULD BE EXTENDED TO KOREAN SPINNERS. YEUTTER INDICATED THIS WOULD BE EXCEPTIONALLY DIFFICULT.

2. AGATT MET SUN KI LEE, ASST MIN FOR ECONOMIC COOPERATION, EPB JAN 17 TO CONFIRM CONTENTS PARA 1.

3. IN SEPARATE MEETING WITH SPINNERS AND WEAVERS ASSN OF KOREA (SWAK2 PRES BAE PRESENTED BRIEF OF COTTON CONTRACT SITUATION AND ASKED IF \$200 MILLION ADDITIONAL CCC CREDITS COULD BE PROVIDED FOR CLEARING UP EXISTING CONTRACTS THRU 1975(0)7 -0049/ 155,000 ADDITIONAL COTTON WHICH IS PART OF PLANNED IMPORT REQUIREMENT OF 927,000 BALES FOR CY 75. YEUTTER EMPHASIZED THE DIFFICULTY IN PROVIDING ADDITIONAL FINANCING UNDER CCC CREDIT LINE AND CITED FACT KOREA ALREADY HAD \$100 MILLION CCC CREDITS EXTENDED IN 1974 AND THAT OTHER COUNTRIES IN ASIA HAVE RECEIVED VERY LITTLE CCC CREDIT. YEUTTER ASSURED SWAK THAT CAREFUL REVIEW OF THE SITUATION WOULD BE MADE.

4. SWAK PRESENTED FOLLOWING TABLE WHICH UPDATES INFO CONTAINED IN PARAGRAPH 2 OF REF A. REASON FOR DISCREPANCIES IN VALUE FOR MONTHS OF JAN, FEB AND MAY IS THAT VALUE FIGURES PRESENTED BY SWAK IN REFTEL OMITTED VALUE OF 106,000 BALES IN JAN, 19,000 BALES IN FEB AND 50,000 BALES IN MAY. THESE "ON CALL" CONTRACTS WERE RECENTLY FINALIZED (PRICES NOT DEFINED AT TIME OF CONTRACT) AND THE VALUATIONS ARE NOW INCREASED BY SUBSTANTIAL AMOUNTS FOR JAN, FEB AND MAY CONTRACTS. TABLE DATA MAY BE RELEASED TO TRADE. LIMITED OFFICIAL USE

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FOR SHIPMENT	BALES	VALUE F.A.S.	AVG FAS VALUE
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PAST DUE DEC 31	175,924	\$55,943,832	\$318
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1975-1	260,550	84,306,615	322
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2	62,198	19,485,015	312
3	36,400	11,546,905	317
4	26,900	8,257,617	307
5	70,100	22,275,643	318
6	12,600	3,888,893	309
7	2,900	744,708	257
8	1,000	310,000	310
9	---	---	---
10	---	---	---
11	9,600	3,450,825	359
12	30,000	8,725,125	291
JAN-DEC 75	512,248	162,964,338	318
TOTAL INCL.			
DEC 31, 1974	688,172	218,908,170	318

5. SWAK PRESENTED FOLLOWING PLANNED RAW COTTON S&D TABLE
FOR CY 75.

QUANTITY (1000 BALES)

CARRY-IN STOCKS JAN 1, 1975 157
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IMPORTS	927
TOTAL SUPPLY	1,084
CONSUMPTION	927
CARRY-OVER DEC 31, 1975	157

6. EMBASSY DOUBTS CONSUMPTION PLAN SHOWN PARA 5 WILL
BE ACHIEVED. CY 74 ACTUAL RAW COTTON CONSUMPTION WAS
668,000 BALES. INDUSTRY DOUBTS SITUATION ON TEXTILE
EXPORTS WILL IMPROVE BEFORE LATTER HALF OF CY 75 AT
EARLIEST SUGGESTING CY 75 CONSUMPTION MAY DO WELL TO
EXCEED 700,000 BALES. SNEIDER UNQTE KISSINGER

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